

THE COMMONWEALTH OF MASSACHUSETTS OFFICE OF THE ATTORNEY GENERAL

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February 23, 2009

Catrice C. Williams, Secretary Department of Telecommunications and Cable Two South Station, 4th Floor Boston, Massachusetts 02110

RE: Proposed Regional Service Quality Investigation

Dear Ms. Williams:

On February 9, 2009, the Department of Telecommunications and Cable ("Department") issued a Request for Comment on its proposal to open a regional investigation of Verizon Massachusetts' ("Verizon") basic service quality in the Berkshire, Hampden, Hampshire, and Franklin Counties ("Request for Comment"). The Department also proposes to consolidate two existing town-specific Verizon service quality investigations (D.T.C. 07-2, Petition of the Board of Selectmen of the Town of Hancock Pursuant to G.L. c. 159, §24 Regarding the Quality of Verizon Telephone Service and D.T.C. 07-5 Petition of the Board of Selectmen of the Town of Rowe Pursuant to G.L. c. 159, §24 Regarding the Quality of Verizon Telephone Service) as well as a pending undocketed complaint by the Town of Shutesbury into the proposed regional service quality investigation.

Wire-line access and service quality is of paramount importance to the Western Region of the State (Berkshire, Hampden, Hampshire, and Franklin Counties) where consumers have limited, or in some communities, no access to alternative telecommunications means. The Office of the Attorney General ("Attorney General") supports the Department's initiative and, if commenced, will fully participate on behalf of the consumers of the Western Region. Based on its participation in and monitoring of the Rowe, Hancock, and Middlefield proceedings, and based on its regular review and analysis of the data that Verizon includes in its monthly service quality reports submitted to the Department as well as Automated Reporting Management Information System (ARMIS) data submitted to the Federal Communications Commission, the Attorney General, believes it is appropriate to undertake a wider review of the Company's performance in the region. The investigation of individual petitions is inefficient and also places the burden and cost on municipalities to seek remedy from the Department.¹

While the Attorney General supports a region-wide approach, she defers on whether such an investigation

should consolidate the existing docketed and undocketed complaints into this investigation to the Towns that initiated those complaints. In the cases of Rowe and Hancock, the Towns have expended time and resources in these

Service quality investigations are not unprecedented in Massachusetts and have previously addressed potential regional disparities. Approximately twenty years ago, the Department of Public Utilities conducted a comprehensive investigation of service quality in D.P.U. 89-300, as part of its investigation of the cost and rates for New England Telegraph and Telephone Company ("NET") (now Verizon). In D.P.U. 89-300, the Department stated that "[a]s measured by many indicators of service quality, the western region, which consists of the Springfield and Worcester districts, is receiving lower quality service than the rest of the state" and also concluded that "[b]ased on the evidence, the Department finds that the quality of service in the Springfield and Worcester districts, which together comprise the western region, is inadequate." The Department directed NET to "immediately take steps to improve the quality of service in the western region."

It is a matter of important public policy that Massachusetts not allow a two-tier infrastructure to persist – one for the more densely populated areas of the state and one for the more sparsely populated areas of the state such as the Western Region. Just as it is reasonable to expect comparable levels of electricity, education, and other essential societal goods throughout the Commonwealth, so too is it reasonable to expect comparable levels of telecommunications service quality and infrastructure throughout the state. While a review of the Company's wire-line service quality in the Western Region of the State will not address all the telecommunications issues in the region, it will provide assurances that the backbone wire-line infrastructure is sound and Verizon is properly addressing customer concerns in this area. If the evidence suggests that such is not the case, the Department can order corrective action as necessary. The Department's finding in 1990 continues to be relevant: "While monthly fluctuations in NET's quality of service are inevitable, it is unreasonable for certain parts of the state to receive service that is consistently lower in quality than that provided in other parts of the state."

According to Verizon's Service Quality reporting for 2008, numerous individual wire centers show sub-par service quality in the Western Region. Section 2 of the Report shows trouble reports per hundred lines, or "RPHL" separately by wire center, with wire centers grouped according to geographic regions. Although the wire centers in the Metro North, Northeast, and Boston areas show RPHL generally below the exchange-level threshold of 4.0 RPHL, the RPHL in other wire centers were relatively higher. For example, in the Springfield region, Chester experienced a RPHL over 5.0 in June, August, and December. The Blandford

proceedings and the Attorney General believes that they are the appropriate parties to recommend whether the cases should be consolidated into a regional investigation.

- 3 D.P.U. 89-300, at 343.
- 4 *Id.*, at 346.
- 5 *Id.*
- 6 D.P.U. 89-300, at 343.

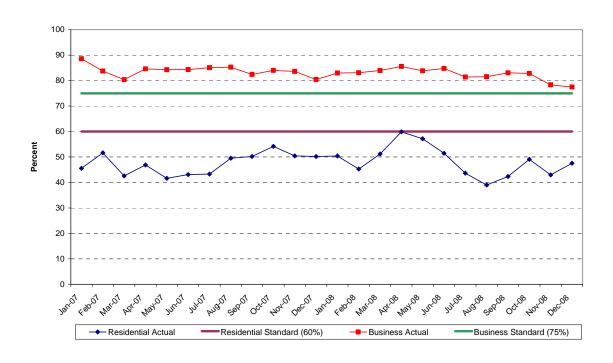
Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariffs by New England Telephone and Telegraph Company, D.P.U. 89-300, June 29, 1990 ("D.P.U. 89-300"). See D.P.U. 89-300, at pages 288 through 430.

⁷ See e.g. Verizon monthly Quality of Service report for the month of December 2008, February 10, 2009 (on file with the Department of Telecommunications and Cable).

wire center exceeded the threshold in 8 months of 2008, reaching the extraordinary level of 11.39 RPHL in August. Cummington had RPHL above 9.0 for three consecutive months during the summer of 2008. These data (though not intended to be comprehensive), combined with various community petitions, point to questionable service quality in the western part of the state deserving of deeper analysis. 9

Moreover, as depicted in the graph below, the entire state, including the Western Region, has endured consistent subpar performance in the service quality category that measures the company's response time for restoration of service. Verizon reports its performance as measured by the metric "percentage of Out of Service reports cleared within 24 hours." While this metric for business customers *exceeds* the standard of 75% for every month in 2007 and 2008, residential service *always fails* to meet the less-stringent standard of 60%.

Percent Out of Service Cleared within 24 Hours, Massachusetts Statewide, 2007 - 2008¹⁰



These data show that over a relatively long period – 24 months – Verizon consistently failed to meet the required standard for restoring 60% of out-of-service residential dial tones within 24 hours. Although this metric is one of the measures encompassed by the service quality index ("SQI") Verizon MA's overall SQI is consistently sufficiently high that it avoids paying any

⁸ Verizon Feb. 10 2009 Reporting, at Section 2.

⁹ The RPHL is only one of many indicators of service quality. The Attorney General recommends that the Department consider several key indicators including but not limited to installation intervals, appointments met, timeliness of repair of out-of-service, etc.

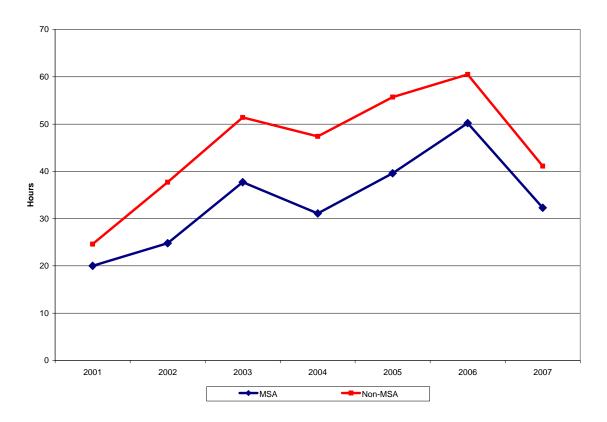
¹⁰ Verizon Feb. 10 2009 Reporting.

¹¹ Verizon Feb. 10 2009 Reporting, at Section 1.

service quality penalty or endures a subsequent review of its level of performance in this category.

In addition, while not necessary limited to the Western part of the state, available ARMIS data shows a gap in service quality between large ("MSA") and small communities. For example, as the following figure shows, Non-MSA customers consistently wait longer than do MSA customers for service to be restored after outages.

Out of Service Intervals – Residential Service, Massachusetts MSA and Non-MSA Service Areas¹²



More detailed analysis is necessary to pinpoint where problems occur and why. Within the broad category of "non-MSA" there may well be some communities that are receiving particularly poor service.¹³ The data in the figure above are averages.

FCC, ARMIS Report 43-05, Table II Installation and Repair Intervals (Local Service), Row 145.

According to the FCC's ARMIS instructions, filers are required to use lists constructed by the Office of Budget and Management ("OMB") to aggregate geographic areas for reporting. However, OMB periodically reviews and revises the outlines of MSAs. Verizon does not provide with its ARMIS reporting an explicit list of the communities it includes in each category. In order to determine more precisely which communities experience subpar service quality, the Attorney General compared OMB's recent list of MSA communities with a list of all 351 Massachusetts cities and towns. According to this methodology, the Attorney General's "best guess" of Verizon's Non-MSA grouping consists of 59 towns. Of these 59 municipalities, 43 are located in the four western counties – Berkshire, Franklin, Hampden, Hampshire Counties. The ARMIS data that Verizon reports to the FCC supports the Department's concern that communities in Western Massachusetts experience lower quality of service than those in other parts of the Commonwealth.

While the Attorney General cannot conclude that a "significant or widespread" service quality problem exists in Western Massachusetts at this time, she does believe, based upon her own analysis of currently available data, that further investigation is warranted of the issues raised in the Department's Notice and of the previously filed complaints. The Attorney General also looks forward to reviewing the Company's response to the Department's Notice as well as to the issues raised above. Likewise, the Attorney General is very interested in any feedback from the communities in the Western Region of the State in establishing the scope of an investigation. Finally, in response to the Department's inquiry as to alternative processes to investigate these issues, the Attorney General is open to suggested alternatives to a formal investigation but urges the Department to include in any such alternative review, a mechanism for interested parties to gain access to Company data and information.

The Attorney General appreciates the opportunity to provide comments in this matter.

Respectfully Submitted,

/s/ Sandy Callahan Merrick Ronald J. Ritchie Assistant Attorneys General Office of Ratepayer Advocacy 1 Ashburton Place Boston, MA 02108